Weekly Economic Review

Earnings growth ends 2015 on weak note

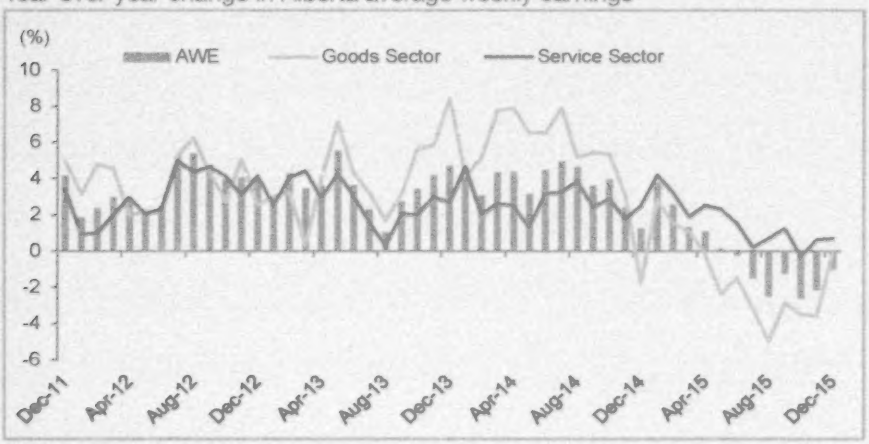
Average Weekly Earnings

Uptick at year's end unable to offset weakness

Alberta average weekly earnings (AWE) ended the year on a positive note, up 1.1% month-over-month (m/m) to $1,147 in December. However, the finale to 2015 could not make up for declining earnings in previous months. Earnings remained down 1.0% compared with the previous year (Chart 1). The weakness permeating Alberta's industries pushed earnings in the goods sectors down 0.1% y/y. Earnings in several key industries like construction (-7.0% y/y) and utilities (-10% y/y) were palpably weak. Service sector earnings remained up 0.7% y/y with broad based support across most sectors. Overall in 2015, earnings fell 0.3% (preliminary) for the first annual drop in 20 years. The 1.6% decline in goods sector earnings outweighed the 1.5% increase in the service sector.

Chart 1: Earnings persistently weak throughout 2015

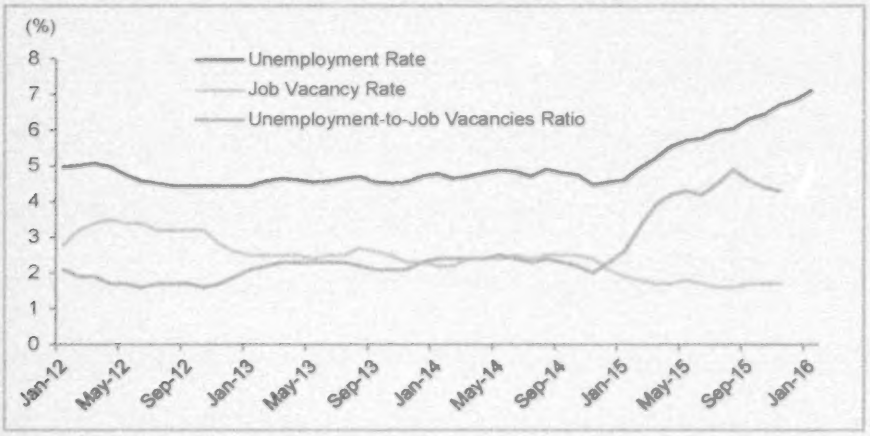
Year-over-year change in Alberta average weekly earnings



Source: Statistics Canada

Chart 2: Job seekers continue to outnumber openings

Alberta labour market indicators (3-month moving average)



Source: Statistics Canada

Job Vacancies

Job openings drying up

Over the three months ending in November, the average number of job vacancies averaged 34,800, down 30% from a year prior. This reflects a decline of 17,400 vacancies from the peak in October 2014. The job vacancy rate - the proportion of unfilled open positions - held steady at 1.7%, though down 0.7 percentage points from last year. Despite the decline, Alberta's job-vacancy rate was the second highest in Canada. The unemployment-to-job-vacancies ratio fell to 4.3, a 0.6 percentage point improvement from the peak in August 2015 (Chart 2).

Railcar Loadings

Railcar shipments off track

There were 154,801 railcars loaded in Western Canada during December, 1,503 fewer carloadings than in November and 0.6% lower year-over-year (y/y). Railcar loadings have been adversely affected by declining shipments of energy products, which were down 12% y/y for coal and 15% y/y for crude. Shipments of chemicals (-15%) and metals and minerals (-9.1%) were also down. In contrast, car loadings of agricultural goods (+16%) and wood products

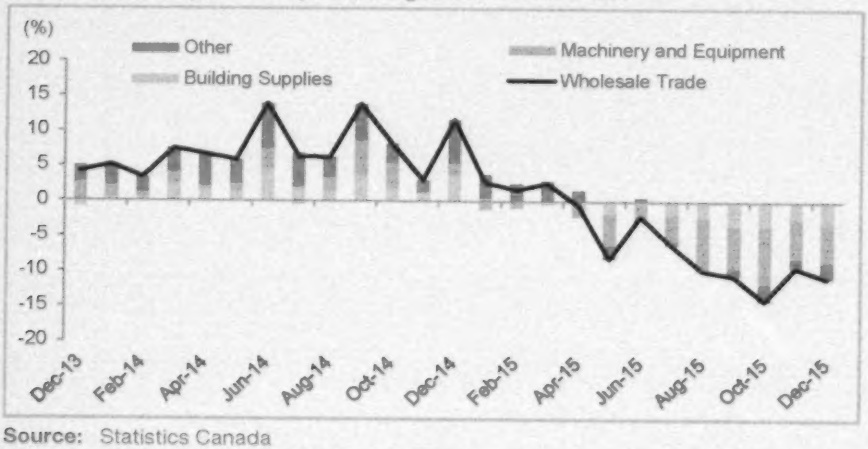
(+12%) remained up. Over the course of 2015, railcar loadings declined by 1.8% compared with 2014, weighed down by lower wheat (-6.7%) and energy (-9.6%) shipments that together made up over 40% of all rail shipments.

Wholesale Trade

Tough year end for Alberta's wholesalers

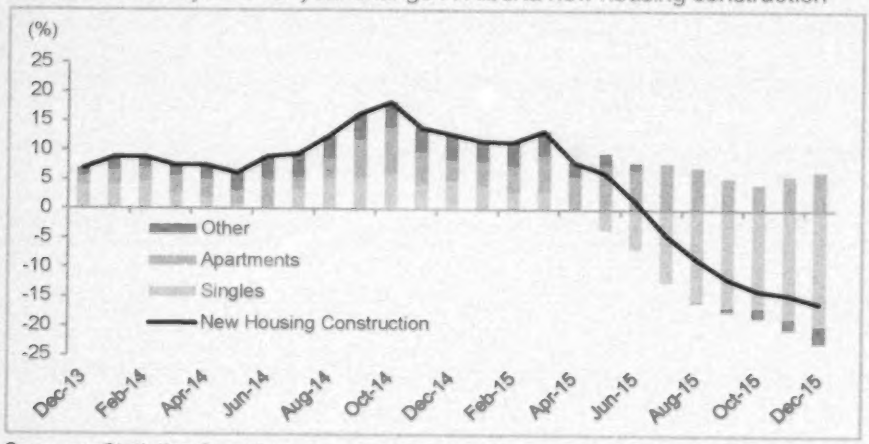
Alberta's wholesale trade increased to $6.5 billion in December, but remained down 9.4% y/y (Chart 3). The slowdown in the energy and non-residential construction sectors continued to weigh heavily on building supplies (-18% y/y) and industrial machinery and equipment sales (-16% y/y). However, the weakness permeated nearly all types of wholesale trade, the main exception being food, beverages and tobacco wholesalers (1.1% y/y). Alberta's wholesale sector had a tough year, with trade weakening on a year-over-year basis in ten out of twelve months. Through 2015, wholesale trade contracted by 5.5% compared with 2014.

Chart 3: Machinery and equipment remain the big drag on wholesale
Contributions to year-over-year change in wholesale trade



Source: Statistics Canada

Chart 4: Persistent weakness in singles weighs on housing construction
Contributions to year-over-year change in Alberta new housing construction



Source: Statistics Canada

Tourism

Travel to Alberta slows in 2015

The number of direct arrivals into the province totalled 54,934 in December, down 8.6% y/y. Most of the decline appears related to slowing business travel, as non-resort hotel vacancy rates showed a marked increase. There was a slowdown in travellers arriving from several countries; the number of American visitors totalled 38,756, down 4.2% y/y; excluding the US, there were 16,178 international visitors, down 18% y/y. On the other hand, the weak Loonie made international travel more expensive for Albertans, pushing the number of travellers returning from abroad down 4.3% y/y. Through 2015, the number of international visitors to Alberta totalled 912,319, down 1.5% compared with 2014, mostly due to fewer non-American travellers.

New Housing Construction

Home building slowdown

Alberta new housing construction continued to decline in December, down 16% y/y – the steepest year-over-year decline since mid-2011. The slowdown in construction was driven by dwindling single family homes construction, which has declined rapidly since early 2015 to its lowest level since July 2009, down 30% y/y in December. Construction of multi-unit dwellings strengthened until mid-2015, but slowed in the fourth quarter; however, it remained up 11% y/y in December. In 2015, housing starts totalled 10.8 billion, down 2.2% from 2014

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Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.